

**House Commerce Committee  
May 16, 2006  
Representative Huizenga, Chair**

Representative Huizenga and Committee Members:

Thank you for allowing me to speak on behalf of Senator Cameron Brown to SB 1111. I am Senator Brown's Legislative Director, Jeanne Laimon.

**SB 1111:**

This legislation would amend the Plant Rehabilitation and Industrial Development Districts Act to permit local units of government to extend property tax abatements to property used for "qualified commercial activity," which would have to meet criteria regarding its use and size.

Ohio and Indiana are winning in the distribution center business and Michigan is losing. By a modest change in the law, these centers can be drawn to Michigan rather than south of our border.

Senate Bill 1111 is a job development bill. It is one small step to be an attractor to business in Michigan.

Senate Bill 1111 would allow distribution and warehousing facilities to take advantage of a 12-year property tax abatement similar to what is offered to industrial properties in Michigan.

The original idea for Senate Bill 1111 was generated at an economic summit held in Senator Brown's district some time ago. This bill would permit local units of government to extend property tax abatements to property used for "qualified commercial activity," which would have to meet criteria including its use and size. The "qualified commercial activity" criteria would be:

- it is used for warehousing, distribution, or logistic purposes or a communication service center; and
- it occupies a building or structure that is larger than 100,000 square feet.

In 2003, St. Joseph County had an opportunity to bid on a 400,000 square foot warehousing/distribution center that would have generated approximately 400 high-paying jobs (roughly \$18/hr) as well as resulted in an investment of \$15 million. Indiana also bid on this project. It had the ability to offer an abatement on a warehousing /distribution project such as this. The bid went to Indiana. The site consultant noted that "our main problem is that high property taxes in (White Pigeon) Michigan are forever and we got at least 50.0% tax break for 10 years in Indiana." Other investors have looked at locating in Michigan since this opportunity.

Michigan needs to be sure that local units of government have all the "tools" available that can be offered, in order to keep jobs in Michigan.

Thank you!